

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

AN ACT  
RELATING TO BANKING; LOWERING STATE BANK DIVERSIFICATION  
REQUIREMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 58-1-24 NMSA 1978 (being Laws 1963,  
Chapter 305, Section 24, as amended) is amended to read:

"58-1-24. DIVERSIFICATION OF LOANS AND INVESTMENTS.--

A. A state bank shall not extend credit directly  
by means of discount notes, issuance of letters of credit,  
acceptance of drafts or otherwise, or purchase any bond,  
note, bill of exchange or any evidence of indebtedness, when  
by reason of such extension of credit or purchase, the totals  
of the obligations so acquired that are held by the state  
bank will exceed:

(1) sixty percent of total deposits or  
seventy-five percent of savings, whichever is greater, for  
obligations secured by real estate, together with the current  
market value of any real estate owned by the bank and not  
used in its banking business; or

(2) thirty-five percent of capital and  
surplus for obligations of the same obligor.

B. The limitations of Paragraph (2) of Subsection  
A of this section shall not apply to loans and investments  
otherwise authorized by the Banking Act if the obligations

1 are:

2 (1) obligations of the United States,  
3 general obligations of a state or a political subdivision  
4 thereof or of a federal reserve bank;

5 (2) secured as to principal and interest by  
6 the guarantee, insurance or other like commitment of the  
7 United States, an agency of the United States or a federal  
8 reserve bank, whether the commitment provides for payment in  
9 cash or in obligations of the United States;

10 (3) secured by obligations of the United  
11 States, a state or a political subdivision thereof having a  
12 value of one hundred percent of the amount thereof;

13 (4) upon notes or drafts having a maturity  
14 of not more than twelve months exclusive of days of grace,  
15 drawn in good faith against actually existing values and  
16 secured by an instrument transferring or securing title to  
17 goods in process of shipment or to livestock, or creating a  
18 lien on livestock to the amount of the value of the security,  
19 but the limitation on such obligations shall be thirty  
20 percent of capital and surplus;

21 (5) upon notes or drafts secured by trust  
22 receipts, shipping documents or receipts of a licensed or  
23 bonded warehouse or elevator transferring or securing title  
24 to readily marketable, nonperishable staples to the amount of  
25 eighty percent of the value of the security, and this

1 exemption shall not apply:

2 (a) unless the staples are insured, if  
3 it is customary to insure them; or

4 (b) for more than ten months to  
5 obligations of the same obligor arising from the same  
6 transaction or secured by the same staples;

7 (6) secured by the assignment of accounts  
8 receivable to the extent of eighty percent of the amount of  
9 such accounts not overdue, but the limitation of these  
10 obligations shall be thirty percent of capital and surplus;

11 (7) those arising out of the daily  
12 transaction of the business of any clearinghouse association;  
13 or

14 (8) obligations that are fully secured by a  
15 pledge of a time certificate of deposit issued by the same  
16 state-chartered bank in an amount equal to or exceeding the  
17 amount of the obligation.

18 C. In calculating, for the purposes of this  
19 section, the obligations of a single obligor or the  
20 obligations of a specified class, there shall be included:

21 (1) the direct liability of the maker; the  
22 amount of a loan made to a corporation to the extent that the  
23 proceeds of the loan directly or indirectly are to be loaned  
24 to the individual;

25 (2) in the case of obligations of a

1 partnership or association, the obligations of each general  
2 partner or of each member of the association; the amount of a  
3 loan made to a corporation to the extent that the proceeds of  
4 the loan directly or indirectly are to be loaned to the  
5 partnership or association;

6 (3) in the case of obligations of a general  
7 partner or a member of an association, the obligations of the  
8 partnership or association;

9 (4) in the case of obligations of a  
10 corporation, the obligations of any subsidiaries in which it  
11 owns, directly or indirectly, a majority of the outstanding  
12 voting stock;

13 (5) in the case of obligations of a  
14 corporation, the amount of a loan made to any other person to  
15 the extent that the proceeds of the loan directly or  
16 indirectly are to be:

17 (a) loaned to the corporation;

18 (b) used for the acquisition from the  
19 corporation of any securities issued by the corporation,  
20 other than securities acquired by an underwriter for public  
21 offering; or

22 (c) transferred to the corporation  
23 without fair and adequate consideration; and

24 (6) the discharge of an equivalent amount of  
25 debt previously incurred in good faith or value shall be

